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Brief presented to the CRTC by
TELE-METROPOLE CORPORATION
Re: "Projected Amendments to
Regulations"

April 14, 1970



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CFTM-TV

Télé-Métropole Corporation - Montréal

Mr. Chairman,

Mesdames,

Gentlemen of the Commission,

By way of introduction to the practical changes which we wish to submit to the Commission relative to the new regulations, we regard it as useful to present to you certain general observations.

Channel 10 first of all wishes to recognize the importance and validity of the objectives pursued by the Commission in its proposals governing Canadian content.

It appears perfectly clear to us that the search for and discovery of a Canadian identity constitutes an objective of major importance for the survival, the definition and progress of our culture. Among the means placed at the disposal of society towards this end, radio and television are undoubtedly the most direct and most effective. They are not the only ones. And if one is to envisage a serious, long-term effort, the other media involved

in the cultural life of our country, such as the printed word and the cinéma also must become positive factors.

We cannot refrain from commenting on the fact that for the past nine years, we constantly have dedicated ourselves to the purpose of reflecting our audience in its reality and in its aspirations.

Motivated both by necessity and the needs of our French-speaking milieu, our experience has proven successful. In addition to meeting the needs and exigencies of a second French-language service in the Montreal region and in the Province of Quebec, we have stimulated a movement whose effects have been felt in every sector of artistic activity.

Despite this orientation, which involves serious risks because of the major investments required for the implementation of our programming, the development of talent and the costs of fixed assets necessitated by technical requirements, we have experienced satisfactory financial progress during the decade.

It is beyond debate that it is simpler and less costly to receive or to purchase programs produced elsewhere. As a

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consequence of this, the owner of a station can, generally speaking, expect a better return through use of these programs.

It is thus true to say that the margin of security would diminish considerably in future for a television station or network if the Commission's proposals were applied integrally. And this is a point which should be emphasized since an overly reduced margin could compromise the financial balance of the station. This threat to operational stability would bring about a reduction in the quality of services. Any possible or eventual fragmentation of advertising revenue in the field of television must be a matter of concern to the Commission.

It should suffice to mention the avowed commercial aspirations of community stations to cast immediate doubt on the future profitability of television stations.

Confident of the economic growth of our country and without wishing to raise undue alarm, we believe it our duty, however, to underline the fragility and vulnerability of our industry in regard to the new regulations. While sympathizing with the problems experienced by the industry generally, these comments are made to you by Channel 10 and we shall limit our observations to our own activities.

The season September 1970 to September 1971, subjected to the regulations suggested by the Commission relative to Canadian content, would be launched without difficulty since our daily schedule slightly exceeds the required 50 percent. However, in September 1971, we would have to add about seven hours of live programming between 8 a.m. and 6.30 p.m. and three hours and 30 minutes between 6.30 p.m. and 11.30 p.m.

To do this, we would have to put a halt to our program of technical installation for color telecasting and invest major amounts in the preparation of new programs. Taking for granted that there will be certain changes in regulations, we already have initiated the necessary steps because the corrective measures to which I refer would require a good deal of time, that is, the time required for the creation of programs, for the purchase, delivery and installation of electronic equipment.

As I mentioned earlier, we benefit at the present time from an advantageous situation because of our past involvement in the production field. We operate a well-organized production centre, with a competent and dedicated staff, and we thus are ready

to face up to this new challenge. However, we believe it would be in order for the Commission to modify its new directives slightly.

We are of the opinion that the Commission should study the possibility of reducing Canadian content from 60 percent to 55 percent for September 1971 and to accord us a subsequent period of 12 to 24 months before demanding full implementation of the new regulations.

This slowdown would allow a more harmonious adaptation on our part as well as a more rational evaluation of long-term projects which could be implemented. Surely the Commission is not minimizing the considerable financial efforts which it is requiring from our industry. In our own case, what formerly could be considered a normal operational profit margin would be reduced to a questionable degree of protection in the two years following the year 1970-71.

Also, as we stated to the Commission June 11, 1969, if you desire the implementation by our station of the objectives defined, it appears to us more essential than ever to insist that

the French network of the Canadian Broadcasting Corporation adopt a commercial policy compatible with normal competition, i.e., that it cease to subsidize programs and stations for the benefit of national and local clients and that the time rate, by the hour as well as by the minute, relate to nationally-recognized commercial criteria. I would go so far as to tell you that the implementation of our program is related to this process of uniformity.

Few or no broadcasters or networks have the means to cope with annual deficits of one or two million dollars for one or two years. You can understand readily that with an annual investment of ten and a half million dollars in operations, the losses which I cite are within the realm of possibility. Despite constant attention to cost control, a rising fluctuation in our expenditures is inevitable. The increase in fees paid to artists and musicians and statutory increases budgeted for a personnel of nearly 450 permanent employees are other costs which we must absorb.

You can conclude quickly that the continued immobility of the CBC's commercial rates, in regard to the sale of time as well as in regard to production, is an additional contribution to possible asphyxiation.

If I reiterate this aspect of the problem, it is because for Channel 10, under the circumstances, it is of vital importance. The CBC often outbids us for the stars we have developed. In such cases, we fulfill the rôle that the state corporation should play. However, we refuse to grant to the CBC the privilege of reselling the programs produced with these artists by subsidizing them in regard to our clients. This is an intolerable situation which definitely would compromise the orientation you wish to give to Canadian broadcasting.

A final word in connection with Canadian content. For the past two years, we have exerted certain pressures on American producers so that French dubbing be carried out in Quebec. Among the reasons given is the fact that these programs would be accorded a Canadian content percentage. I recognize the difficulty of engaging in casuistry in regard to Canadian content.

However, would it be possible for the Commission to recognize that a part, minimal though it might be, of the Canadian percentage required be allotted in this form? For our part alone, we have paid, in the past two years, to artists in the Montreal region some \$300,000 in dubbing fees. I am convinced that this is an aspect of artistic activity which you should take into consideration.

It is clear that the position of the purchaser is weakened and his argument becomes less valid in favor of dubbing in Montreal rather than in Paris if the Canadian status of the program vanishes completely. By the same token, I would recommend that the dubbing of feature films benefit from the same amendment to the proposed directives. Though we have not become involved in this aspect of dubbing, we believe it would be possible to create some work in this area.

Finally, commercial policy. We note the absence of any special commercial consideration for the total sponsorship of programs. Though total sponsorship of programs has dropped considerably in the past five years, Channel 10 still carries an

important number. Application of the proposed regulations would signify the end of programs of 15 and 30 minutes and one hour.

You will appreciate that it would be difficult for us to require a one-product sponsor to link the four commercials allowed in a half-hour and the two minutes of a 15-minute program. This point is most important because it involves the very philosophy of program production.

We always have promoted energetically the sale of programs because the sponsor, seeking a greater share of the market, accepts to pay a certain premium. Since we began operations, we have sought program sponsors to help us sustain our operational expenses which always have been very high.

Without having succeeded completely, we have retained a certain number of sponsors and co-sponsors of programs. It would be onerous for us if these sponsors--clients not only of Channel 10 but also of our associated stations--were to turn to the policy of purchasing spots. Thus we ask you, if possible, to make an exception for sponsored programs and that, in the event of total sponsorship, the four commercials be considered as two breaks only.

A few notes are required in regard to program titles which bear the name of the sponsor of a program and the opening and closing panels. Some of our clients have been identified with their program for nine years. It would be unfortunate if it became necessary to deprive them of what, in our view and in theirs, is an advantage of sponsoring the program.

This same observation applies to the opening and closing panels. These are advantages which encourage clients to purchase programs. And, believe me, the application of the directives would force us to increase, if possible, our sales of programs.

The second part of our presentation deals with the accumulation of commercial messages. We find it difficult to reconcile ourselves with the idea of presenting three commercial minutes in a bloc. In our view, breaks of this duration tend to annoy the viewer and to diminish the commercial value of this advertising.

Our experience suggests that even now, the viewer is disturbed by a message longer than two minutes, especially if it is made up of messages of 30 seconds or less.

Also, we propose that you allocate a break of two minutes per 15 minutes, two of two minutes per half-hour and that you authorize station breaks in programs of 31 minutes or more so as to add commercials before and after each. Thus, with two identifications, 12 minutes of commercials could be spread over six breaks, including the identifications.

In this way we would avoid an overly great accumulation of commercials. We are convinced the viewer would accept this formula more readily than that which you propose.

To recapitulate our brief observations, we wish to reiterate our support for the objectives proposed and to express the wish that you will explore the following recommendations:

- 1 - Extension of the period required to attain the level of 60 percent Canadian content.
- 2 - Recognition of partial Canadian percentage for programs and feature films dubbed in French in Canada.
- 3 - Special category for sponsored programs.
- 4 - A review of your policy governing the number of breaks in so-called spot carrier programs.

Mr. Chairman, mesdames, members of the Commission,
the remarks we have made are inspired by two motives:

- 1 - Our desire to fulfill adequately the important rôle of a broadcaster and to accept fully the responsibilities which it implies;
- 2 - The need for a private station to gain sufficient advertising revenue to carry out this function in every way.

We thank you.

